



July 13, 2015

Ms. Julie Huckestein
Interim President
Chemeketa Community College
4000 Lancaster Drive, Northeast
Salem, Oregon 97309-7070

Certified Mail
Return Receipt Requested
#: 70070710000106757947

RE: Expedited Final Program Review Determination Letter
OPE ID: 00321800
PRCN: 201531029008

Dear Ms. Huckestein:

From May 4, 2015 to May 8, 2015 Nancy Taylor and Adeline Espinosa conducted a review of Chemeketa Community College's (CCC's) administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §§ 1070 et seq. (Title IV, HEA programs). The purpose of this Final Program Review Determination Letter is to close the program review.

The focus of the review was on CCC's high student dropout and cohort default rates. A sample of 30 files was identified for review from the 2013-2014 and 2014-2015 (year to date) award years. The files were selected randomly from a statistical sample of the total population receiving Title IV, HEA program funds for each award year.

Appendix A lists the names and partial social security numbers of the students whose files were examined during the program review.

Protection of Personally Identifiable Information (PII):

PII is any information about an individual which can be used to distinguish or trace an individual's identity (some examples are name, social security number, date and place of birth). The loss of PII can result in substantial harm, embarrassment, and inconvenience to individuals and may lead to identity theft or other fraudulent use of the information. Appendix A was encrypted and sent separately to the institution via e-mail.

The San Francisco/Seattle School Participation Division has made a Final Program Review Determination concerning the findings that were identified during the program review. Following is a discussion of the findings identified and the resolution of those findings.

Program Findings and Final Program Review Determinations:

Finding 1. Exit Counseling Deficiencies

Citation: Federal regulations specify that a school is required to conduct exit counseling with each Direct Loan borrower before the borrower leaves school. Student borrowers must be advised to complete exit counseling shortly before graduating or withdrawing from school.

If the student borrower drops out without notifying the school, the school must confirm that the student has completed online counseling or must mail counseling materials to the borrower's last known address. The materials must be mailed within 30 days of learning that the borrower has withdrawn or failed to participate in an exit counseling session. Counseling may be provided in person, by audiovisual presentation, or by interactive electronic means. 34 C.F.R. § 685.304(b).

Noncompliance: Two components must be met to ensure that an institution has performed its due diligence with respect to exit counseling. The regulations allow an institution to notify the student electronically with the instructions as to how to complete the exit counseling online. The second component is that if a student has failed to follow through with the online notification, the school must mail the exit counseling packet by "hard copy" through the mail to the most recent address that the school has on file for that student within 30 days of learning that the student has withdrawn or failed to participate in an exit counseling session.

CCC files contained documentation of notification for students that officially withdrew or graduated from the institution. The files did not always contain the second follow up component of mailing the hard copy notification within 30 days to students that had failed to comply with the electronic notice.

In addition, CCC's files did not contain documentation indicating that the exit counseling sessions were provided for students who unofficially withdrew from the school.

The purpose of exit loan counseling is to help the students understand their rights and responsibilities concerning their loans. Failure to perform exit counseling will undoubtedly lead to higher default rates.

Institutional Action Taken to Resolve Noncompliance: While on-site during the program review, CCC amended its policies and procedures; set Banner software elements in place to capture all Direct Loan recipients that withdrew from the institution officially or unofficially or graduated; and created standard emails that apply to appropriate student populations. In addition, the school modified its follow-up process of tracking students who had not completed the online exit counseling to enable school officials to mail exit packets to the students by the specified dates and retain evidence in the students' files that it had done its due diligence of notifying borrowers of their financial responsibility.

Lastly, CCC began sending exit emails electronically to students that had unofficially withdrawn and conducting a follow-up mailing for students that had not completed the online exit process.

Final Program Review Determination: CCC has taken the corrective actions necessary to resolve this finding. Therefore, CCC may consider this finding closed, with no further action required.

Finding 2. Inaccurate Reporting to National Student Loan Data System (NSLDS)

Citation: All institutions participating in Title IV programs must have internal procedures for reporting student enrollment data to the National Student Loan Data System (NSLDS) through a roster file. This information determines if the student is eligible for an in-school deferment or must enter repayment. For students entering repayment, the out of school status effective date determines when the grace period begins and when the student must begin repaying loan funds.

34 C.F.R. § 685.309(b) indicates that—upon receipt of a student status confirmation report from the Secretary—an institution must complete and return that report to the Secretary within 30 days of receipt unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days. In this report, the institution must notify the Secretary within 30 days if it discovers that a recipient of a Direct Subsidized, Direct Unsubsidized, and/or Direct PLUS Loan:

- Ceases to be enrolled on at least a half-time basis;
- Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
- Has changed his or her permanent address.

Noncompliance: Although CCC reported student statuses timely to NSLDS, the NSLDS system showed the enrollment statuses of student #'s 2, 3, 4, 5, 6, 8, 9, 10, 11, 12, 13, 15, 19, 20, 21, 22, 25, 26, 27, 28, 29 and 30 were reported more than 60 days late. This was due to a glitch in the Banner software system, making CCC's reported information appear to be late. The institution updates NSLDS with current enrollment information shortly after the census date of each term.

Institutional Action Taken to Resolve Noncompliance: The reviewers confirmed, while on-site, that CCC had begun taking the required corrective action to prevent the late reporting of student enrollment statuses. The institution provided a clear explanation by providing evidence that it had reviewed the National Student Clearinghouse (NSC) Auditor's Guide and sought guidance from NSC officials as to how to accurately report to NSLDS. The school was reporting timely to NSC and to NSLDS but had not set all required flags in its software to ensure accurate reporting, which has since been corrected.

Final Program Review Determination: CCC has taken the corrective actions necessary to resolve this finding. Therefore, CCC may consider this finding closed, with no further action required.

Finding 3. Limiting Student Access to Direct Loans

Citation: First-time borrowers must undergo entrance counseling before an institution can disburse any Direct Loan funds. Once the borrower has completed the required entrance counseling, either at the borrower's current institution or at a previous institution, the borrower cannot be required to participate in any subsequent counseling as a condition of receiving a Direct Loan. Federal regulations specify the information that must be included in the entrance counseling at 34 C.F.R. § 685.304(a).

A school may refuse to originate a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan or may reduce the borrower's determination of need for the loan if the reason for that action is documented and provided to the borrower in writing, and if—

- (i) The determination is made on a case-by-case basis;
- (ii) The documentation supporting the determination is retained in the student's file; and
- (iii) The school does not engage in any pattern or practice that results in a denial of a borrower's access to Direct Loans because of the borrower's race, gender, color, religion, national origin, age, disability status, or income. 34 C.F.R. § 385.301(a)(8).

A professional judgment decision on this is discussed in detail in Volume 3, Chapter 5 of the Federal Student Aid Handbook.

Noncompliance: CCC publicized, in its student catalog, that the institution had a right to deny loan certification of the Direct Loan programs and/or limit loan amounts that a student could borrow. The institution further required that a student interested in applying for a Direct Loan complete loan entrance counseling each academic year prior to having a Direct Loan disbursed for that year.

These policies and practices violate the above regulations. Denial of Direct Loans may only be made under the circumstances described in the federal regulations and institutions may not institute practices that require eligible borrowers to complete requirements designed to restrict borrowing.

Institutional Action Taken to Resolve Noncompliance: While on-site during the program review, the institution provided evidence that it had edited and removed the Direct Loan limitation (the right to deny loan certification) and annual loan counseling requirement from its 2015-2016 student catalog.

Final Program Review Determination: After reviewing the edited edition of the catalog, the reviewers consider this finding resolved. CCC has taken the corrective actions necessary to resolve this finding. Therefore, CCC may consider this finding closed, with no further action required.


The Department encourages CCC to implement a complete Default Management plan that will benefit its students and the institution.

Record Retention:

Program records relating to the period covered by the program review must be retained until the later of: resolution of the loans, claims or expenditures questioned in the program review; or the end of the retention period otherwise applicable to the record under 34 C.F.R. § 668.24(e).

We would like to express our appreciation for the courtesy and cooperation extended during the review. If you have any questions concerning this letter, please call Nancy Taylor, Institutional Review Specialist, at (415) 486-5508.

Sincerely,



Martina Fernandez-Rosario
Division Director
San Francisco/Seattle School Participation Division

cc: Ms. Kathy Campbell, Financial Aid Director
Oregon Department of Community Colleges and Workforce Development
Northwest Commission on Colleges and Universities
Department of Defense (osd.pentagon.ousd-p-r.mbx.vol-edu-compliance@mail.mil)
Department of Veterans Affairs (INCOMING.VBAVACO@va.gov)
Consumer Financial Protection Bureau (CFPB_ENF_Students@cfpb.gov)